



Arizona Pioneers' Home

Janet Napolitano
Governor

300 South McCormick Street
Prescott, Arizona 86303

Jeanine Dike
Superintendent

(928) 445-2181 - FAX (928) 778-1148

November 21, 2003

Mr. Dennis L. Mattheisen, CPA
Financial Audit Director
Office of the Auditor General
2910 N 44th St., Suite 410
Phoenix, AZ 85018

Dear Mr. Mattheisen:

This letter is in response to the procedural review of internal controls at the Pioneers' Home in effect as of September 12, 2003.

RECOMMENDATION 1

The Pioneers' Home should effectively control cash receipts

A cash register will be installed in the Business Office that will effectively control cash receipts.

1. Cash and checks received through the mail for resident services are deposited in a locked box in the Business Office. Residents who make their own payments also drop their payments in the locked box. The box is opened and items removed with another employee present. Payments will immediately be processed through the cash register, providing a receipt and accounting log before they leave the Business Office. The log can later be reconciled to bank deposits.
2. Receipts will be issued for candy and stamp sales as sales are entered on the cash register.
3. The Pioneers' Home is a 24 hour/7 day a week facility. Therefore, Business Office staff is not always present to accept payment for candy sold, which benefits the Employee Recognition Fund. Employees that gain access to the snacks being sold on weekends, holidays, or after hours, leave payment on the counter. Taking inventory on a daily basis is not practical. With a cash register, however, there will be accounting of money collected for sales.
4. A supervisor will review documentation for reconciliations.

RECOMMENDATION 2

The Pioneers' Home should separate employee responsibilities for its checking account

1. Dale Sams has been an authorized signer on the Imprest checking account, which is part of the Home's petty cash. He most often also prepares checks and maintains the

Superintendent's signature stamp. On November 21, 2003, he was removed as a signer on the account. He now can prepare checks and maintain the signature stamp, but will find two of the other four authorized signers to sign each check. The signature stamp will only be used at times when a check must be issued and two of the four authorized signers are not available to sign, including Jeanine.

2. Dale Sams may now reconcile the bank statement for the Imprest account, without creating a conflict, because he is no longer an authorized signer on the account.

RECOMMENDATION 3

The Pioneers' Home should properly safeguard assets

1. Undeposited cash receipts will be kept in the cash register installed in the Business Office. A limited number of employees and residents will have access to the register drawer. Money will not be left out in the open in boxes/bags that other employees or residents could tamper with. Before closing the Office at 4 p.m., each day the Office will open the cash drawer and balance it to the register tape. When the Office is closed for the day, the money in the cash register will be removed and put in the safe.
2. The safe is locked at all times. Access is limited to only a few employees who have the combination.

Sincerely,

Jeanine Dike
Superintendent

JD:ds